



1 ENERGY AND ENVIRONMENT CABINET

2 Department for Natural Resources

3 Division of Oil and Gas

4 (Amendment)

5 805 KAR 1:120. Operating or deepening existing wells and drilling deeper than the permitted depth.

6 RELATES TO: KRS 353.520

7 STATUTORY AUTHORITY: KRS 349.015 [~~Chapter 13A,~~] 353.540, 353.550, 353.560,
8 353.570, 353.590

9 NECESSITY, FUNCTION, AND CONFORMITY: KRS 353.550 and KRS 349.015
10 requires the Department for Natural Resources to regulate the drilling and operation of all wells,
11 while KRS 353.590 and KRS 349.015 requires the department [~~it~~] to regulate the drilling of a well
12 past the permitted depth. This administrative regulation establishes the requirements to operate a
13 well and drill a well deeper than the permitted depth.

14 Section 1. New Permit Required. The applicant shall obtain a permit, in accordance with 805
15 KAR 1:010, to operate any well previously in violation of KRS Chapter 349, KRS Chapter 353, 805
16 KAR Chapter 1, or 805 KAR Chapter 9 and whose bond the division has forfeited for
17 noncompliance. Before a new permit is granted the applicant shall comply with:

18 (1) 805 KAR Chapter 1 for all wells; and

19 (2) KRS Chapter 353 for oil and gas wells; or

20 (3) KRS Chapter 349 for coalbed methane wells. [~~Definitions. The definitions contained in~~
21 ~~KRS 353.510 and the following additional definitions shall apply to this administrative regulation:~~

1 ~~(1) "Deepening" means the drilling deeper of any existing well where new drilling is to~~
2 ~~proceed past the depth at which the initial drilling of the well ceased.~~

3 ~~(2) "Operating a well" means to reenter, reopen, deepen, drill, inject into, produce, attempt~~
4 ~~to produce, or work over, any well.~~

5 ~~Section 2. Permit Required. The operator shall obtain a permit to operate any well if the well~~
6 ~~is in violation of applicable standards and the department has forfeited the bond for noncompliance.]~~

7 Section 3. (1) New Permit Not Required. An operator may operate an existing well if the
8 operator [he] submits a completed and notarized Well Transfer, Form [an acceptable well transfer
9 on form] OG[ED]-13, incorporated by reference in 805 KAR 1:170 Section 10, and bonding as
10 required in KRS 353.590(7) and KRS 349.120 [KRS 353.590(5)] if either of the conditions in
11 paragraphs (a) and (b) of this subsection [subsections (1) and (2) of this section] apply. [The well
12 transfer form, ED-13, revised April 4, 1990, is filed and incorporated herein by reference. Copies
13 may be obtained from the Department for Natural Resources, P.O. Box 14090, Lexington, Kentucky
14 40512-4090, Monday through Friday, 8 a.m. to 4:30 p.m.]

15 (a)[(1)] The well is producing or capable of producing, not abandoned and not in violation
16 of [applicable standards] KRS Chapter 353 Chapter 349 or 805 KAR Chapter 1; or

17 (b)[(2)] The well has been abandoned by the previous operator, but the current operator's sole
18 intent is to reenter the well for the purpose of properly plugging and abandoning it.

19 Section 4. New Permit Required for Deepening. The operator:

20 (1) Shall obtain a new permit, in accordance with 805 KAR 1:010, prior to deepening any
21 well if:

22 (a) The original permit is more than one (1) year old; or

1 (b) The original well was drilled prior to the permitting requirements of the department;[5]

2 and

3 (2) Shall not drill until the permit is issued.

4 Section 5. (1) New Permit Not Required for Deepening. The permitted operator may deepen
5 an existing well if the permit is not more than one (1) year old and if the well has not been drilled
6 past the permitted and bonded depth.

7 (2) For coalbed methane wells, an operator shall not drill deeper than the permitted depth if
8 the drilling causes the well to be in noncompliance with the well spacing standards set out in KRS
9 349.075 or the notice requirements contained in KRS 349.015.

10 Section 6. Drilling Deeper Than the Permitted Depth. An operator may drill deeper than the
11 permitted depth of the well provided that the operator [he] brings the [his] permit into compliance
12 within the time and conditions set forth below:

13 (1) The operator shall notify division personnel that he has drilled deeper than the permitted
14 depth the next official work day of the department.

15 (2) The operator shall, within ten (10) days of drilling deeper than the permitted depth, amend
16 his permit to the depth to which he has drilled.

17 (3) The operator shall, within ten (10) days of drilling deeper than the permitted depth, submit
18 additional bonding required to satisfy KRS 353.590(7) and KRS 349.120 [~~KRS 353.590(5)~~].

19 (4) The operator shall not drill deeper than the permitted depth if the [~~such~~] drilling causes
20 the well to be in noncompliance with the well spacing standards set out in KRS 353.610 or KRS
21 349.075.

22 Section 7. A directional or horizontal well or a deep well shall not be deepened without prior
23 approval of the director or a permit therefor being issued.

1 Section 8. Operator Noncompliance. An operator in noncompliance with the requirements
2 of this administrative regulation is subject to penalties pursuant to KRS 353.991 for oil and gas wells
3 and KRS 349.155 for coalbed methane wells.

805 KAR 1:120 approved for filing.
Pages (1-4)

7/10/2019

Date

Charles G. Snavely
Charles G. Snavely, Secretary
Energy and Environment Cabinet

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on August 22, 2019 at 5:00 P.M. (Eastern Time) in Training Room C of the Energy and Environment Cabinet at 300 Sower Blvd, Frankfort, Kentucky. Individuals interested in being heard at this hearing shall notify this agency five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through August 31, 2019. Send written notification of intent to attend the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Michael Mullins, Regulation Coordinator, 300 Sower Blvd, Frankfort, Kentucky 40601, phone: (502) 782-6720, fax: (502) 564-4245, email: michael.mullins@ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Administrative Regulation No.: 805 KAR 1:120
Contact Person: Michael Mullins

Contact number: (502) 782-6720
Email: michael.mullins@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the requirements to operate a well and drill deeper than the permitted depth.

(b) The necessity of this administrative regulation: KRS 353.590 requires the division to regulate the drilling of a well past the permitted depth. This administrative regulation establishes the requirements for drilling a well past its permitted depth.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 353.590 requires the division to regulate the drilling of a well past the permitted depth. This administrative regulation conforms to the content of the authorizing statutes by establishing the procedure for this process.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists in the effective administration of the statutes by providing a procedure for an operator to drill past its permitted depth.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment deletes the definitions and inserts information related to coal bed methane wells drilled through gas storage reservoirs into this administrative regulation. This information was previously in 805 KAR 9:060.

(b) The necessity of the amendment to this administrative regulation: This amendment is necessary to consolidate two administrative regulations into one administrative regulation related to deepening a well past its previously permitted depth.

(c) How the amendment conforms to the content of the authorizing statutes: The amendment consolidates information related to drilling past a wells permitted depth as authorized by KRS 349.015 and 353.590 into this administrative regulation.

(d) How the amendment will assist in the effective administration of statutes: These amendments will assist in the effective administration of the statutes by consolidating two administrative regulations related to deepening a well past its previously permitted depth.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation. There are approximately 1,060 active oil and gas operators in the Commonwealth

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: The regulated entities identified in question (3) will meet the same requirements related to deepening a well past its previously permitted depth. The information related to wells drilled past its permitted depth for coal bed methane drilling will now be in this administrative regulation instead of 805 KAR 9:060.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): There will be no additional costs related to these amendments.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): As a result of compliance, entities will be able to find all information related to drilling wells past its originally permitted depth in one administrative regulation.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: The division will not incur any additional costs for the implementation of this administrative regulation.

(b) On a continuing basis: The division will not incur any additional costs for the implementation of this administrative regulation.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: A combination of general and restricted funds will be used for the implementation of this administrative regulation.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment. No increase in fees or funding is necessary to implement this amendment.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees. This administrative regulation does not establish any fees, nor does it directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why tiering was or was not used.)

No, tiering was not used. The provisions in this administrative regulation will apply equally to all oil and gas operators.

FISCAL NOTE ON STATE AND LOCAL GOVERNMENT

Administrative Regulation No.: 805 KAR 1:120
Contact Person: Michael Mullins

Contact number: (502) 782-6720
Email: michael.mullins@ky.gov

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation?

This administrative regulation applies almost entirely to the Division of Oil and Gas.

2. Identify each state or federal statute or federal regulation that requires or authorizes action taken by the administrative regulation. KRS 349.015 and 353.590.

3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? The proposed administrative regulation will not generate revenue in the first year.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? The proposed administrative regulation will not generate revenue in subsequent years.

(c) How much will it cost to administer this program for the first year? The cabinet's current operating budget will be used to administer this program for the first year.

(d) How much will it cost to administer this program for subsequent years? The cabinet's operating budget will be used to administer this program for subsequent years.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impacts of the administrative regulation.

Revenues (+/-):	There is no known effect on current revenues.
Expenditures (+/-):	There is no known effect on current expenditures.
Other Explanation:	There is no further explanation.